United Nations S/2006/183

Security Council

Distr.: General
23 March 2006

Original: English

Letter dated 22 March 2006 from the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism addressed to the President of the Security Council

The Counter-Terrorism Committee has received the attached fifth report from Israel submitted pursuant to paragraph 6 of resolution 1373 (2001) (see annex). I would be grateful if you could arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Ellen Margrethe **Løj**
Chairman
Security Council Committee established pursuant
to resolution 1373 (2001) concerning counter-terrorism

06-29010 (E) 060406

Annex

Letter dated 22 March 2006 from the Chargé d'affaires a.i. of the Permanent Mission of Israel to the United Nations addressed to the Chairman of the Counter-Terrorism Committee

Allow me to thank you for your letter, dated 22 December 2005, in reference to Member States' implementation of Security Council resolutions 1373 (2001) and 1624 (2005).

Please find attached Israel's response to the supplementary questionnaire in the aforementioned letter, regarding Israel's efforts to implement the provisions of those resolutions.

(*Signed*) Ambassador Daniel **Carmon**
Chargé d'affaires a.i.

Enclosure*

Counter-Terrorism Committee

Israel's Response to Supplementary Questionnaire

1. Implementation measures

1.1. The Prohibition on Terrorist Financing Law, 5765-2005 was enacted, and became effective on August 1, 2005. An unofficial translation of the law is attached.

1.2. The necessary legislation for ratification of these two treaties currently awaits approval of the legislative committee of the Knesset.

1.3. Regulation 411 for the Proper Conduct of Banking Business, Money-laundering Prevention, Customer Identification and Record Keeping, issued by the Supervisor of Banks, was amended on May 2005, to mandate enhanced scrutiny with regard to electronic transfers between Israel and designated countries that are vulnerable to money laundering and connected to terror financing. An unofficial translation of the regulation is attached.

1.4. The prohibition on Money Laundering Law, 200 5760-2000 (hereinafter – "the PMLL") mandates the registration of providers of currency services through the Providers of Currency Services Registrar at the Ministry of Finance.

A provider of currency services is defined as any person whose occupation is the provision of one of the following services (even if not as his exclusive occupation):

* Conversion of the currency of one state into the currency of another state;
* Sale of redemption of travelers checks in any type of currency;
* Receipt of financial assets in one state in exchange for making available financial assets in another state (for the purposes of this section the term "financial assets" means cash, travelers checks, checks, bills of exchange, promissory notes, negotiable securities, credit or financial deposits);
* The exchange of bank notes;
* Discounting of checks, bills of exchange and promissory notes.

According to the Law, the right to provide currency services is conditioned on the following:

* The applicant is either an Israeli citizen or a resident of Israel and is at least 18 years old; If the applicant is a corporation incorporated in Israel – at least one office holder of the corporation is an adult and an Israeli citizen or resident of Israel; if the applicant is a corporation no incorporated in Israel – it must be incorporated in a state in which there is legislation prohibiting money laundering and the corporation must be legally registered in Israel.

* Attachments are on file with the Secretariat and are available for consultation.

* The applicant has not been convicted – either in Israel or in another country – of money laundering offence or an offence which, in the Registrar's opinion, due to its nature, severity or circumstances, renders him unsuitable for serving as a provider of currency services; where the applicant is a corporation – an office holder of the corporation has not been convicted of such an offence.

A person who engages in unlawful provision of currency services is liable to one year imprisonment or a fine of approximately 600,000 NIS (about 138,000$).

The prohibition on Money Laundering (Requirements of Identification, Reporting and Record-Keeping by Providers of Currency Services) Order, 5762-2002 sets out the following obligations on providers of currency services:

* The obligations to retain identity documentation and documents attesting to the instruction to carry out transactions that were reported to the Israeli Money Laundering Authority (hereinafter IMPA), for a period of at least 7 years.
* The obligation to report to IMPA certain transactions specified by size and type.
* The obligation to report to IMPA transactions perceived by the provider of current services as unusual.

In the past year the courts in Israel have convicted a number of currency services providers, who have violated the registration obligation. In addition, several criminal investigations have been conducted against other currency services providers, some of which have resulted in money laundering indictments which are still pending. The majority of these investigations were conducted with full cooperation between Israel Police and the Register for Providers of Currency Services in the Ministry of Finance. Also, the sanction Committee for non-compliance with AML obligations has sanctioned several currency services providers.

1.5. In Israel there are a number of civilian and military enforcement bodies which handle preventing funding of terrorist activities. Each one of them utilizes a task team headed by an accountant. The responsibilities of the task teams are to analyze the financial records of terror organizations and terrorists. These activities are coordinated with the Israeli Police, which issues search warrants when the need arises. Israel is willing to assist and to share its experience regarding this issue.

1.6. The Israeli investigative authorities and agencies cooperate in order to effectively prevent resources from being transferred to terrorists. The Israel Security Agency works in cooperation with the Israel Police, the Israel Customs and VAT Authority and the Israel Money Laundering and Terror Financing Prohibition Authority, to trace movements of monies to and from terrorist organizations. This mechanism also includes cooperation with representatives of the Ministry of Justice, the Ministry of Finance and the Ministry of Foreign Affairs. This cooperation takes the form of investigation and intelligence operations, thus enabling the authorities to take the necessary administrative and criminal measures in order to seize monies facilitating terror and eventually confiscate them. In addition all these agencies are members of an interagency special task force on

terror financing. The Israel Customs and VAT authority investigates matters related to money laundering originating in customs offences, which include the falsification of customs declarations including under invoicing and over invoicing. IMPA is responsible for receiving, analyzing and disseminating information relating to Money Laundering and Terror Financing to the competent authorities.

In addition, from time to time, certain organizations and foundations are declared as unlawful associations, following the compilation of material regarding their illegal activities, while focusing on the issue of terror financing and terrorist property.

1.7. No especial difficulties encountered.

1.8. The Dangerous substance Law, 1993, requires that a permit be obtained in order to deal with toxic substances. The permit holder must document each purchase or sale of toxic substances including details about the buyers and the sellers. This documentation may be reviewed by an official appointed by the Minister of Environment.

Certain factories are required to report on quantities of designated substances held by them in order to track these. The objective is to ascertain whether there has been any leakage of dangerous substances.

In order to assist in dealing with incidents including dangerous substances a special system has been established. This system receives reports of actual incidents caused by accidents or terrorist activity and also from police intelligence regarding such incidents. Thefts or disappearance of dangerous substances are under the responsibility of the Israeli Police.

1.9. IMPA is authorized to share financial intelligence information with the Police, with the General Security Service, and with its foreign counterpart FUIs.
Section 25 of the Prohibition on Money Laundering Law, 5760-2000, deals with restrictions on disclosure of reports received according to the Prohibition on Money Laundering Law and the Prohibition on Terrorist Financing Law.

Section 25(b) determines that a report received by the police or the IMPA's data base under the laws mentioned above, shall not be regarded as investigation material, and shall not be admissible as evidence in any legal proceedings, except –

(1) In legal proceedings under these laws for breach of the obligation to report under these laws or for false or misleading reporting under these laws.

(2) As intelligence material presented only for the inspection by the judge during the course of the application for the judicial order.

1.10 – The following are the measures taken by Israel in order to meet the minimum standards aimed at making them impossible to duplicate, falsify or obtain fraudulently:

a. **The photograph of the current ID cards**. On December 13, 2005 the Ministry of the Interior distributed a bill proposal which is pending upon the next convening of the Knesset. The proposal is based on the principal of combining computerized photographs produced by the Ministry of the Interiors instead of the current procedure which includes attaching a photograph produced by the applicant which is easy to replace or to remove. A bid has already been held to acquire cameras for the purpose of producing the computerized photographs. The completion of the bill is pending upon finalizing the legislative procedure.

b. **The new ID.** A bid has been issued regarding the new ID. It is planned that the new ID will be a plastic card with numerous security measures. The ID would include the computerized photograph described above. The final date for the offers to be admitted at the beginning of March 2006, due to questions that surfaced during the bid it has been decided to extend the date for admitting the proposals.

c. **Passports**. Ways of adding security measures to the current passport are currently under discussion.

d. **Biometric in ID cards and in Travel papers.** The Ministry of the Interior is currently engaged in discussions with the Ministry of Justice about combining biometric measures in ID cards and travel papers. These discussions are currently in advanced stage. Is has been proposed to combine a scan of finger print ID and facial outlines, however, this issue is still being considered since there are many questions especially technological ones who require answers before a final position can be reached.

1.12. The Ministry of the Interior utilizes a computerized system – the "Aviv" system which includes registration of permanent residence and civilians in Israel, people who enter Israel visas (tourists, business, students, volunteers and etc), and people who have been detained as illegal aliens. Entry and exits from Israel are updated on the basis of the information transferred from border control administered by the Israeli Police.

1.13. Israeli law contains no explicit provisions governing the use of undercover police technique control deliveries and informers. Nevertheless, the law enforcement agencies in Israel use the above mentioned techniques in accordance with on Supreme Court rulings that provide guidelines for such activities.

1.14. The different government agencies that are involved in combating money laundering, the financing of terrorism and investigation or predicate offences, share information on an ongoing basis and conduct appropriate meetings in order to discuss and advance mutual issues.
The Israeli Counter Terrorism Division coordinates the anti-terrorism activity on the national level between the different enforcement bodies and the relevant government offices. The Counter Terrorism Division operates in the framework of the National Security Council which is under the direct responsibility of the Prime Minister's Office. One of the main objectives of the Counter Terrorism Division is to improve the flow and sharing of information between the relevant bodies in Israel while aspiring to create maximum transparency between the agencies.

2. Implementation of resolution 1624 (2005)

Paragraph 1

2.1. According to Section 144(d)(2) of the Penal Code, incitement to commit violent acts entails a penalty of 5 years imprisonment. The language of the statute is (unofficial translation):

Section 144(d)(2). Incitement to commit an act of violence or terrorism

(a) A person who issues a public call to commit an act of violence or terrorism or words of praise, sympathy or encouragement to an act of violence or terror, supports or identifies with it (hereinafter – inciting publication), and by the content of the inciting publication and the surrounding circumstances there is an actual probability that the publication would bring to an act of violence or terrorism, shall be punished by 5 years imprisonment

(b) In this Section, "An act of violence or terror" – an offence that causes physical injury, jeopardizes one's life or inflicts grave bodily harm.

(c) Publishing a true ad honest report on the forbidden publication according to articles (a) and (b)(1) does not constitute an offence according to this section.

2.2. **Illegal aliens**. By Section 13 of the "Entry to Israel Law" – every illegal alien would be expelled from Israel.

Foreign residents with criminal records. When the Ministry of the Interior receives information that a foreign resident has committed a criminal offence, an investigation is being held and if it is a serious offence his visa will be canceled and he will be required to leave Israel.

Paragraph 2

2.3. International cooperation in this area is based mainly on sharing information with other states on issue such as stolen passports. Such information is entered to the border control computers and constitutes one of the tools to identify and prevent the entrance of terrorists to Israel. The border control personnel undergo special training that qualifies them to identify forged passports both by technological means and by questioning and identifying suspicious behavior.

Paragraph 3

2.4. Israel constantly raises the issue of "Increasing the public awareness of terrorism" in its counter terrorism dialogue with other states. Increasing public awareness will make it easier to legislate laws and regulations that will enable the enforcement bodies to increase security. On the other hand the same awareness serve as a "checks and balances" mechanism to prevent legislation that would cause cultural or religious discrimination.

Israel promotes the issue of the increasing of public awareness not only within these bilateral dialogues concerning counter terrorism, but also in the framework of multilateral regional international institutions such as the European Union, NATO and OSCE.

2.5. See 2.1 above.

Paragraph 4

2.6. The State of Israel has been threatened by terrorism since its establishment, and continues to suffer to this day from the ravages of suicide terrorism of most brutal and indiscriminate nature, as well as from frequent attacks of kassam rockets. As a result, Israel developed an extensive network of government authorities, a body of domestic legislation, and a range of practical policies in order to deal with terrorism in all its aspects within the permissible legal boundaries under domestic and international law.

In order to constantly review and monitor its counter-terrorism measures, Israel makes-use of several important institutional safeguards. Virtually all aspects of counter-terrorism activities, including those taking place in the West Bank and Gaza, are subject to judicial review. This transparency has been indicated by numerous decisions handed down by Israel's Supreme Court in the past years, sitting as High Court of Justice. In particular, since the outbreak of the armed conflict and violence in the West Bank and Gaza, Israel's Supreme Court has been closely scrutinizing the legality of certain combat activities and military operations, examining their compatibility with international law norms of warfare and of human rights.

It is under the premise that Israel's national security does not provide an unlimited justification for infringing the rights of the individual, not even in its struggle against terrorism, that Israeli courts in general, and the Supreme Court in particular, decide cases involving counter-terrorism measures. This close scrutiny by the highest judicial civil instance in Israel, sitting as High Court of Justice, is available not only to Israelis but also to non-citizens, including residents of the West Bank and Gaza.

Additional safeguards to monitor Israel's counter terrorism measures are found in the Israeli Parliament, the Knesset, which occasionally holds open and self-critical debates in which members of the various Governmental branches, discuss concrete counter-terrorism measures and their compatibility with preserving human dignity and human rights. In addition, there is an ongoing open and critical pubic discourse – within the Government branches, the Parliament and the civil society at large. In addition, the Israeli Attorney-General plays a crucial role in safeguarding civil liberties in the struggle against terrorism. The Attorney-General is independent from the political establishment. As a result, a determination by the Attorney-General that a government-action or policy is unlawful has substantial power to end that practice.